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C O N F I D E N T I A L SECTION 01 OF 05 BRUSSELS 005635

SIPDIS

DEPT FOR EUR/ERA MICHAEL DIXON, AND H; H PLEASE PASS TO
HIRC HILLEL WEINBERG AND FRANK RECORD, AND TO CHRIS
CONNELLY, CHIEF OF STAFF OF CONG. JO ANN DAVIS

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TAGS: [PREL](#) [EUN](#) [USEU](#) [BRUSSELS](#)

SUBJECT: TRANSATLANTIC LEGISLATORS' DIALOGUE MEETING

REF: A. A) BRUSSELS 5520

1B. B) BRUSSELS 3619

Classified By: USEU POLOFF TODD HUIZINGA, FOR REASONS 1.5 (B) AND (D)

11. (SBU) Summary: The biannual Transatlantic Legislators' Dialogue (TLD) meetings were held in Williamsburg, Virginia on November 13-16 (list of participants in paras 20-21). The six members of Congress and ten members of the European Parliament (MEP's) reviewed the draft EU Constitutional Treaty, and held a broad discussion on current political a security issues where US and European views frequently conflict, including Iran, Iraq, the Middle East, the war on terror, and Guantanamo. The TLD also offered opportunities to increase engagement with the European Parliament (EP) on important issues to the USG where the EP plays an important role, such as USG access to Passenger Name Record (PNR) data, EU chemicals policy, and international corporate governance. The next TLD meeting is tentatively scheduled for the spring in Dublin. End Summary.

Draft EU Constitutional Treaty

12. (SBU) The discussion centered around a debate among the MEPs on whether a draft constitutional treaty would transfer sovereignty from the EU member states to the Union to a significant degree, and whether such a development would be a positive one. Swedish Conservative MEP Charlotte Cederschiold averred that the EU was based on pooling the sovereignty of the member states, and that the constitutional treaty's purpose was to make the EU more transparent, efficient and democratic. UK Conservative Philip Charles Bradbourn countered that the constitutional treaty proposed a massive transfer of power to the EU at the expense of the member states. He deplored, for example, the fact that the EU Charter of Fundamental Rights had been incorporated into the draft treaty as justiciable, whereas originally it had been only declaratory. UK Conservative Caroline Jackson stressed that the treaty did not represent "a Philadelphia moment." She said "it's not a constitution, it's a constitutional treaty...and it's a dreadful mess." UK Liberal-Democrat Sarah Ludford, in contrast, lauded the constitutional treaty as an attempt to consolidate all the previous EU treaties into one document and set explicit limits on the power of the EU, preventing Brussels "mission creep" at the expense of the national capitals. Rep. J. Randy Forbes asserted that, if history were a guide, the constitutional treaty, once passed, would become a constitution. He, along with Rep. Darrell Issa, wondered whether EU member states were fully prepared for the possible ramifications of a constitutional treaty.

Iraq

13. (SBU) MEP Bastiaan Belder (Dutch Calvinist Party) stressed the EU's desire to work constructively with the U.S. on Iraq reconstruction and reiterated the EU position that sovereignty, and in the shorter term key aspects of sovereignty such as certain policing and military tasks, be given to the Iraqis themselves as soon as possible. Rep. Phil English replied that, as a representative of a congressional district with many Iraq expatriates, he understood the need to encourage a speedy transition to independence for Iraq. English added that the West needed to give Iraq the investment it desperately needs, to emphasize grants rather than loans for reconstruction aid, and to help Iraq become a model of democracy in a battered region.

Iran

14. (U) Belder laid out the EP view that the EU should develop closer trade and economic ties with Iran only if Iran made visible progress on respect for human rights, cooperation with non-proliferation regimes, stopping support for terrorism and not undercutting the Middle East peace process.

He stressed EP support for U.S.-EU cooperation on Iran, especially in the areas of non-proliferation and Iranian IAEA obligations, and in pressing Iran to cut off its support to Hamas and Hizbollah.

Middle East Peace Process

15. (U) Cautioning that he had voted against it because of what he saw as its anti-Israeli slant, Belder reviewed the October 9 EP resolution on "Peace and Dignity in the Middle East." The resolution affirms that implementation of the roadmap is the solution to the Israeli/Palestinian conflict. It stresses that Palestinian terror is unacceptable, but also condemns pre-emptive attacks by Israel and resulting civilian casualties, as well as the Israeli security fence. Belder stressed that in his view the resolution did not give enough weight to the destabilizing influence of neighboring countries, especially Iran and Syria. In this regard, Belder decried the expected completion of the European Commission's association agreement with Syria (ref A) as a false signal that would encourage Syria to expect no negative fallout if it continues destabilizing activities such as support for Hezbollah. He lamented that the EU had not sufficiently pressured the Palestinian Authority (PA) to make internal reforms, and that Arafat was still in control of the PA security services. Belder noted that an EP working group on possible misuse of EU aid funds to the PA was due to deliver a final report on its investigation soon.

War on Terrorism, Guantanamo, anti-Americanism

16. (SBU) After Belder's comments the discussion centered on cultural issues related to the war on terrorism, such as European attitudes towards the U.S., the root causes of terrorism and European views of U.S. policy towards the Guantanamo detainees. MEP Ludford averred that one must attack the "root causes of terrorism as well, such as poverty and alienation." Also, she warned that "competing images of the United States" in the world were hindering U.S. effectiveness against terror, and that the U.S. had to be more careful to promote an image of the U.S. as a beacon of democracy and the rule of law. As an example, Ludford said U.S. policy on holding detainees without trial in Guantanamo was doing immense damage to the reputation and image of the U.S. in Europe. Ludford raised the October-November Eurobarometer poll, "Iraq and Peace in the World," in which more respondents (from EU member states) designated Israel as a threat to peace in the world than any other country, with the U.S., Iran and North Korea tied for second place. Ludford said that, while the results should not be taken at face value, they were reactions to "particular policies being pursued at a particular time."

17. (C) U.S. TLD Chair Rep. Jo Ann Davis responded that she had been to Guantanamo and could testify that the detainees were being treated well with full respect for their human rights. She said she had seen a BBC documentary on Guantanamo on a recent trip to Rome, and was struck by how inaccurate it was. Rep. Issa, who had also visited Guantanamo, concurred, saying Bush had boldly stepped into unprecedented territory to deal with the unprecedented threat of global terror. Rep. English added that, by any objective standard, U.S. policy in Guantanamo met the standards of international law and respect for human rights. Rep. Cliff Stearns specified that U.S. actions in Guantanamo, including methods of interrogation and possible future military tribunals, were in compliance with the Geneva Conventions.

18. (C) Rep. English took exception to the idea of "root causes of terrorism." He said that he believed there was a cultural division behind Islamist terrorism that was based on a strain of Islamic fundamentalism that was anti-Western, anti-Israel and anti-capitalist. This phenomenon had to be confronted, and the U.S. and the EU needed to confront it together.

NATO and ESDP

19. (SBU) MEP Belder and Rep. Davis concurred in their concern regarding a possible EU military planning headquarters separate from NATO and a mutual defense clause in the draft constitutional treaty that could be divisive to the NATO alliance. Rep. Davis said that more NATO capabilities were needed, not more structures that would duplicate or compete with NATO. UK Conservative MEP James Elles said that the discussion about these issues was fluid, but that U.S. concerns were being taken into account. He opined that, in order to avoid an EU caucus within NATO, a strengthened U.S.-EU dialogue was needed to discuss issues before they reached NATO.

Passenger Name Recognition (PNR)

110. (U) MEP Cederschiold assured her U.S. counterparts that the EP recognized the U.S.'s right to have information about people entering its borders, and expressed general optimism that a compromise could be reached that solved the remaining problems regarding purpose of data collection, data retention time and the number of data fields to which the U.S. could have access. Cederschiold suggested that the U.S. and EU should have mutual watch lists and share them with each other. She invited Congress to send members to visit the EP Citizens Rights Committee to talk about the issue.

111. (C) Rep. John Mica concurred that there had been a mellowing on both sides on PNR, and reiterated that the U.S. side shared the EU concern about data protection. He said the watch list idea was an important one, and pointed out that the U.S. has more than eleven agencies involved in this issue and that, despite a statutory requirement, these agencies had not yet succeeded in preparing a consolidated list. Mica said that agreed and mutually recognized transatlantic standards for security requirements and measures were also lacking, and that the standardization of passport and travel document information was lagging behind. Mica said that the U.S. side might take Cederschiold up on her invitation sometime in the spring, and invited Cederschiold to send him an e-mail detailing EP concerns about PNR.

WTO post-Cancun

112. (C) UK Labour MEP Arlene McCarthy said a far-reaching reform of the WTO was needed in view of the frustrating breakdown of talks in Cancun, and announced that the EP had asked the European Commission to make proposals on how to go about WTO reform. McCarthy specifically stressed the importance of upholding the Doha agreement on access to medicines. Rep. English said the failure of Cancun was a result of the tactics of the G-21 countries, whose unwillingness to compromise was not shared by the U.S.

Financial Services, Corporate Governance

113. (C) UK Labour MEP Peter Skinner said the EU was determined that the financial sector be a key factor in the development of a transatlantic market. On the Sarbanes-Oxley audit-firm registration issue, Skinner said the EU's number-one imperative was still to achieve mutual recognition between the PCAOB and competent European authorities, so that EU and national laws would be respected. Skinner said congressional pressure on the Securities and Exchange Commission (SEC) was needed to achieve this. (Note: Skinner appears to have been kept in the dark by DG Internal Market officials who have been discussing this issue with the PCAOB. Internal Market Commissioner Bolkestein reported to member state finance ministers in September that a mutual recognition agreement was not in the cards. End note.) Skinner also expressed the line of the European stock market lobby that SEC failure to grant foreign exchanges better-than-national treatment to operate their electronic trading terminals in the U.S. under exemption from SEC regulation was in fact a protectionist device aimed at keeping EU-based exchanges out of U.S. markets. In order to rectify this situation as well, he said, congressional pressure on the SEC would have to play a crucial role. (Note: Skinner also met with SEC officials during this visit. End note.)

114. (C) Rep. Stearns expressed frustration with the difficulty of solving the problem of corporate corruption if the perpetrators are sufficiently determined. Remarking that the U.S. approach was law-based and the EU's principle-based, he said he was interested in EU views on corporate governance. Skinner decided on that basis that he would explore starting a high-level dialogue involving MEPs, members of Congress and business leaders, among others, on corporate governance and related regulatory issues.

GMOs

115. (C) MEP Caroline Jackson said the EU legislation of July 2003 on tracing and labeling of biotech food and feed was necessary, despite its absurdities, because of European consumers' concerns. Rep. Issa replied that he believed that the legislation was costly and burdensome, and that, if consumers were worried, they could choose themselves whether or not to buy GMO products. Rep. English added that GMO technology was very important for the developing world. He said the U.S. was still taken aback about Zambia's having

rejected U.S. food aid in the summer of 2002, although
Zambians were facing starvation, because of concerns that
accepting GMO foods from the U.S. would negatively affect
trade with the EU. To Rep. Issa's comment that the EU
legislation was "unabashed protectionism," Jackson replied
that it might be more accurate to call it "unabashed
cowardice."

Chemicals

¶16. (C) MEP Jackson said that the proposed European
Commission chemicals regulation -- Registration, Evaluation
and Authorization of Chemicals (REACH) -- had been "watered
down" after comments from industry had come in, and there
would be further analysis of the cost of the proposed
regulation. Rep. Stearns greeted that news, and Rep. Davis
said that, in the event of a new cost analysis, the relevant
congressional and EP committees should coordinate to ensure
that there was a mutually understood basis for analyzing the
costs. Jackson agreed, and staff on both sides agreed to
follow up.

Open Skies

¶17. (C) Dutch Christian-Democrat MEP Peter Pex expressed a
basically positive outlook on the ongoing U.S.-EU open skies
negotiations. However, he lamented U.S. legislation limiting
the flexibility of U.S. negotiators to move on foreign
ownership of airlines, and criticized the Fly America policy
for official USG travel. ("I took a U.S. carrier to come to
this meeting, because I am a free man!") Rep. Mica said that
opening markets was difficult when so many U.S. carriers were
struggling. He asserted that some progress had been made on
legislation on opening up cabotage services in the U.S. to
European carriers.

Bilateral Trade Issues

¶18. (U) Participants discussed mainly FSC and steel, with
members of Congress exhorting their MEP counterparts to argue
for patience and moderation in EU retaliation, so as to avoid
unnecessary escalation of the conflicts. MEP James Elles
opined that bilateral trade issues came under the rubric of
the Transatlantic Market which had been endorsed by the TLD
in Rome in June (ref B). The question, said Elles, was how
to manage the trade disputes over the course of the next
eighteen months during which there would be elections on both
sides. He suggested that the TLD ask for a benefits analysis
of the Transatlantic Market within the next year, perhaps
getting endorsement for such an analysis from the next
U.S.-EU summit.

U.S. Industry on EU Medical-Device Regs

¶19. (U) Rep. Stearns raised, on behalf of the Advanced
Medical Technology Association (AdvaMed), concerns about a
draft EU directive up-classifying all shoulder, hip and knee
joint implants and thereby requiring manufacturers to submit
to a costly review process by European regulators. Skinner
said he would pass on U.S. concerns to appropriate colleagues
in the EP and the European Commission.

TLD Delegations

¶20. (U) U.S. Members of Congress participating were:

Jo Ann Davis (R, VA)
Phil English (R, PA)
¶J. Randy Forbes (R, VA)
Darrell E. Issa (R, CA)
John L. Mica (R, FL)
Cliff Stearns (R, FL)

¶21. (U) MEP's participating were:

James Nicholson (UK, Ulster Unionist)
Bastiaan Belder (NL, Calvinist Party)
Charlotte Cederschiöld (SW, Conservative)
Caroline Jackson, (UK, Conservative)
Peter Pex (NL, Christian-Democrat)
James Elles (UK, Conservative)
Baroness Sarah Ludford (UK, Liberal-Democrat)
Philip Charles Bradbourn (UK, Conservative)
Arlene McCarthy (UK, Labour)
Peter Skinner (UK, Labour)

122. (C) Comment: This TLD was useful in creating opportunities for Congress to increase its engagement with the EU in areas of particular interest: (1) a possible congressional visit to Brussels to discuss PNR; (2) possible cooperation on a cost analysis of REACH; (3) targeted dialogue on corporate governance and related issues; and (4) possible launching of a joint analysis of the benefits of the existing transatlantic (U.S.-EU) market. Post is ready to provide support in these and other areas of congressional interest. End Comment.

123. (U) This message was not cleared by CODEL members.

FOSTER